

on the checklist, including unbundled switching.¹⁵ Moreover, because the many CLECs that are not interexchange carriers have no incentive to delay entry, there is also no way that interexchange carriers could themselves delay RBOC entry by failing to take the available steps to offer competitively significant local services of their own. In short, there is no likelihood that interexchange carriers or other CLECs will delay their own entry once the necessary conditions are in place. It is thus sheer conjecture to assert that BOCs are dependent upon the business plans of its future rivals.

Third, these RBOC concerns rest on the false legal premise that RBOCs would not have fully adequate legal remedies if checklist items were not used. If a BOC, having first truly made available all checklist items,¹⁶ were ever able to show that interexchange carriers had refused to use a particular checklist item in order to bar the BOC from obtaining Section 271(c)(1)(A)

¹⁵ Indeed, the BellSouth/SBC contention (Comments at 5) that CLECs have "fail[ed] to order switching" from Ameritech is patently false. For several months, AT&T has aggressively sought to obtain unbundled switching from Ameritech through provision of the UNE-platform. See Bryant Aff. ¶¶ 33-57; Falcone/Gerson Aff. ¶¶ 15-19. Yet Ameritech refused even to discuss provision of the platform until April of this year, has not provided AT&T with the information needed to order the platform, and has yet to develop the capability in its own network, switches, and OSS to provision the platform. Id. ¶¶ 20-21, 30-33; see DOJ Evaluation at 21 & n.31. Ameritech's inability to claim that it is furnishing unbundled switching to CLECs is thus a problem entirely of its own making.

¹⁶ As both the Georgia and Wisconsin state commissions have concluded, a BOC that is not capable of actually furnishing a particular checklist item in a timely and nondiscriminatory manner upon request cannot be found to be "generally offering" that item as required under the statute. See In re BellSouth Telecommunications Inc. Statement of Generally Available Terms and Conditions Under Section 252(f) of the Telecommunications Act of 1996, Docket No. 7253-U, at 8 (Ga PSC Mar. 20, 1997); Wisconsin Utility Reg. Rep., at 3-5 (Apr. 3, 1997). Thus, the critical difference between Track A and Track B is that, under Track A, the BOC must actually be providing each of the elements in a timely and nondiscriminatory fashion, whereas under Track B the BOC is excused from having actually to provide an element that has not yet been requested, but must nevertheless prove that it could do so if asked.

relief, then its remedy would be to invoke the exceptions to Track A which trigger Track B. See SBC Order ¶ 37.¹⁷

Finally, the RBOCs' conflation of provide and offer would disrupt the careful balance of incentives against "gaming" that Section 271 contains. See id. ¶ 46. The RBOC approach would preserve the protection that Track B gives BOCs against CLECs' not following through on their agreements, but eliminate the protection that Track A gives CLECs against BOCs not following through on their checklist obligations. Given the BOCs' obvious incentives to prevent effective exchange competition and Ameritech's conduct to date, there is no reason to remove the protection of the "providing" requirement from Track A.

B. The Commission Should Strictly Enforce The Statutory Requirement That The Competitive Checklist Be "Fully Implemented"

Contending that "isolated implementation issues cannot be used to undermine checklist compliance," BellSouth and SBC urge the Commission not to devote its resources to addressing the "implementation glitch[es]" and "growing pains" that will inevitably accompany CLEC entry. Id. at 8, 9. On the contrary, it is precisely an "explicit factual determination" of full implementation that the Commission must make. H.R. Rep. No. 104-458, at 148 (1996). This is true not only because the plain terms of the statute demand it -- see § 271(d)(3)(A)(i) -- but

¹⁷ The fact that interconnection agreements today generally do not have implementation schedules reflects the RBOCs' inability to predict when they will implement the OSS interfaces and other requirements of Section 251 that must be in place before CLECs can place significant volumes of orders. Notably, the staff of the Illinois Commerce Commission has taken the position that, once it is possible to establish meaningful schedules, they may be implied by law into existing interconnection agreements and enforced. See Supplemental Initial Brief of the Staff of the Illinois Commerce Commission, Investigation Concerning Illinois Bell Telephone Company's Compliance With Section 271(c) of the Telecommunications Act of 1996, Docket No. 96-0404, at 11-12 (Ill. Comm. Comm'n May 21, 1997).

because if interLATA relief were granted before this Commission were satisfied that the checklist was fully implemented, then the RBOCs would have virtually unlimited opportunities to delay checklist compliance and meaningful competitive entry.

In this regard, AT&T's experience with Ameritech is particularly instructive. From simple non-cooperation and foot-dragging to outright defiance of clear state and federal obligations, Ameritech has repeatedly demonstrated the ability to delay competition and preserve its local monopoly. There are multiple reasons why an RBOC's promise to provide a checklist item is no guarantee that the RBOC will ever actually provide the item in a nondiscriminatory manner.

1. Technical Complexity: Many of the checklist items have never been provided by ILECs before. While no one doubts that providing these items is technically feasible, in many cases the interconnection, electronic interface, and billing arrangements and switching modifications needed to support the provisioning of these items have yet to be developed and deployed. AT&T's experience with Ameritech makes it obvious that such arrangements cannot be put into place overnight or without incident. In attempting to implement nondiscriminatory access to Ameritech's OSS to support resale entry, for example, AT&T's efforts over the past nine months have uncovered a host of technical problems that neither company foresaw, and that in some cases have required months of negotiation, development, and further testing to resolve. See, e.g., Bryant Aff. ¶¶ 157-63 (Caller ID with name); id. ¶¶ 164-67 (RSID on CSR); id. ¶¶ 168-74 (PIC/LPIC/2PIC); id. ¶¶ 179-86 (wholesale billing); Connolly Aff. ¶ 45 (supplementing orders). As for the platform, it was not until implementation discussions began (in May 1997) that AT&T learned of Ameritech's insistence that AT&T include, in its EDI

platform orders, line class codes that needlessly duplicate the information concerning the customer's desired feature package that USOCs already convey. See Bryant Aff. ¶¶ 53-55. Similarly, it was not until these same discussions that AT&T learned that Ameritech -- despite allegedly spending millions to upgrade its switches for the unbundled environment -- had not done the software development necessary to enable it to provide CLECs with the data necessary to bill for access services. Id. ¶ 56; Falcone/Gerson Aff. ¶¶ 32-33; Falcone/Sherry Aff. ¶¶ 78-81, 88.

In other instances, assertions of technical complexity provide convenient cover for non-cooperation. For example, months of delay was added to the development of electronic access to OSS by Ameritech's decisions not to send knowledgeable individuals to OSS meetings with AT&T, leading AT&T to send Ameritech lists of written questions in advance of meetings in an effort to ensure that some progress could be made. See Bryant Aff. ¶¶ 23-28 & Att. 3.

None of the technical issues surrounding local entry is insurmountable. But real solutions -- ones that deliver the item to CLECs on nondiscriminatory terms -- demand diligent cooperation from the RBOCs. That will come, if ever, only so long as the incentive provided by strict enforcement of Section 271 remains in place.

2. **Changes Of Position:** A second problem is the willingness of BOCs to change position as the process of implementation unfolds, and their ability to do so without fear of significant penalty. Until an RBOC and a CLEC work through all of the steps needed to put a provisioning process in place and have it function in a stable and reliable manner, CLECs have no basis for confidence that the RBOCs will remain committed tomorrow to what they have promised to provide today.

For example, for months Ameritech first negotiated and then appeared committed to a set of performance standards for structure access, only to abandon those commitments in writing two days before filing the instant application. Lester Aff. ¶¶ 8, 23-28. Similarly, despite a clear order from the MPSC to provide RI-PH through the BFR process, Ameritech has now announced its unilateral refusal to pursue that process with AT&T. Evans Aff. ¶¶ 57-58 & Att. 9. And with respect to customized routing for OS/DA, Ameritech has exploited the BFR process to introduce surprise charges and needless delay that has effectively rendered the process useless as a means of obtaining a key functionality of the unbundled switch. Falcone/Sherry Aff. ¶¶ 118-25.

3. **Defiance Through Litigation Delay:** CLECs also cannot count on an RBOC to live up to its obligations merely because state or federal law imposes them or even because the State Commission has expressly ordered compliance. The MPSC has been unable to compel Ameritech to comply with its longstanding and crystal-clear obligation to open the intraLATA toll market in Michigan to competition (see Puljung Aff. ¶¶ 27-29 & Att. 1), and has acknowledged that Ameritech has chosen to ignore the MPSC's clear order to provide unbundled shared transport while its arguments for reconsideration remain pending before this Commission. MPSC Comments at 39. Ameritech is, of course, free to choose to "exhaust[]" its "legal remedies" (id. at 40), but -- absent a stay -- it may not disregard those obligations while its challenges are pending, and if it does so then it cannot in the meantime be found to have complied with Section 271.

4. **Exploitation of Assertedly Vague Language:** Finally, AT&T's experience with Ameritech shows that, until agreements are fully implemented, the room for dispute about what

particular terms mean is limited only by an RBOC's imagination. This is most obviously true of "shared transport," on which Ameritech and AT&T seemingly had a clear and repeatedly confirmed meeting-of-the-minds throughout negotiations and arbitration, but which Ameritech later redefined in an attempt to defeat AT&T's effort to order the platform. See Falcone/Sherry Aff. ¶¶ 20-34 and Exhibit A thereto. But it is also true, for example, of terms such as "missed due date," a crucial indicator of whether CLECs are receiving nondiscriminatory access, which Ameritech has nevertheless chosen to define in a unique way that "obviously masks the very capacity problems" that the indicator should serve to reveal. See DOJ Evaluation App. A at A-13 to A-14.

There is no doubt that Ameritech would assert with respect to every one of these examples that it has acted in the utmost good faith. Perhaps in at least some instances it has. But the inherent difficulty of assessing good faith in these circumstances means that -- absent the incentive of interLATA relief and the requirement of full implementation -- Ameritech has virtually unlimited freedom to exploit the gray area of noncooperation and thereby delay meaningful competitive entry significantly if not indefinitely.

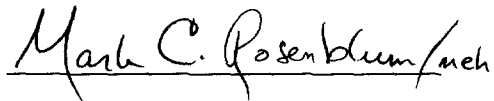
That basic fact demonstrates both the wisdom of Congress's decision to preclude interLATA authorization unless and until the BOC is actually providing CLECs with each checklist item on nondiscriminatory terms and conditions, and the need for this Commission to leave the BOCs with no doubt about its intent strictly to enforce that requirement. If BOCs are granted long distance authority before they have provided CLECs the ability to provide reliable, high-quality service to as many local customers as they can attract, then CLECs are unlikely ever to get the cooperation from the BOC needed to achieve that ability, and will thus be unable

to match the BOCs' ubiquitous offer of combined local and long distance service. For this reason, the Act's fundamental goal of opening all telecommunications markets to full and fair competition depends upon strict enforcement of the requirements of Track A.

CONCLUSION

For these reasons and those stated in AT&T's initial Comments, the application of Ameritech Michigan for interLATA authorization should be denied.

Respectfully Submitted,

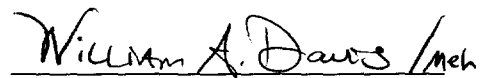
/neh

Mark C. Rosenblum
Leonard J. Cali
Roy E. Hoffinger
James W. Grudus

Its Attorneys

Lynn M. Crofton
Karen E. Weis

AT&T Corp.
295 North Maple Avenue
Basking Ridge, New Jersey 07920
(908) 221-3539

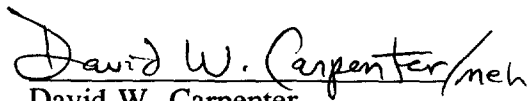
/neh

William A. Davis II
Joan Marsh
Robert W. Quinn, Jr.

Its Attorneys

Bruce C. Bennett

AT&T Corp.
227 West Monroe Street
Chicago, Illinois 60606
(312) 230-2636

/neh


David W. Carpenter
Mark E. Haddad
Peter D. Keisler
Frederic J. Artwick
Anne E. Rea
John W. Treece

Sidley & Austin
One First National Plaza
Chicago, Illinois 60603
(312) 853-7000

Counsel for AT&T Corp.
July 7, 1997

Certificate of Service

I, Thomas D. Lane, do hereby certify that on this 7th day of July, 1997, copies of the foregoing Reply Comments of AT&T Corp. were served, unless otherwise denoted, by U.S. mail, postage prepaid, upon the parties listed on the attached service list.



Thomas D. Lane

Service List

*The Honorable James H. Quello
Federal Communications Commission
Room 802
1919 M Street, NW
Washington, DC 20554

*Chairman Reed Hundt
Federal Communications Commission
Room 814
1919 M Street, NW
Washington, DC 20554

*William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

*David Ellen
Federal Communications Commission
Common Carrier Bureau
1919 M Street, NW
Room 544
Washington, DC 20554

*Sarah Whitesell
Federal Communications Commission
Common Carrier Bureau
1919 M Street, NW
Room 544
Washington, DC 20554

*Rob Tanner
Federal Communications Commission
Common Carrier Bureau
1919 M Street, NW
Room 544
Washington, DC 20554

*Department of Justice
c/o Donald J. Russell
Telecommunications Task Force, Antitrust Division
Room 8205
555 Fourth Street, NW
Washington, DC 20001

*Commissioner Rachelle B. Chong
Federal Communications Commission
Room 844
1919 M Street, NW
Washington, DC 20554

*Commissioner Susan Ness
Federal Communications Commission
Room 832
1919 M Street, NW
Washington, DC 20554

*Melissa Waksman
Federal Communications Commission
Common Carrier Bureau, Policy Division
1919 M Street, NW
Room 544
Washington, DC 20554

*Brent Olson
Federal Communications Commission
Common Carrier Bureau
1919 M Street, NW
Room 544
Washington, DC 20554

*Jordan Goldstein
Federal Communications Commission
Common Carrier Bureau
1919 M Street, NW
Room 544
Washington, DC 20554

*Tom Koutsy
Federal Communications Commission
Office of the General Counsel, Competition Division
1919 M Street, NW
Room 619
Washington, DC 20554

*ITS, Inc.
Room 246
1919 M Street, NW
Washington, DC 20054

****Stephen M. Shapiro**
Theodore A. Livingston
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, IL 60603

Richard J. Metzger
General Counsel
Association for Local Telecommunications Services
1200 19th Street, NW
Washington, DC 20036

Michael K. Kellogg
Austin C. Schlick
Jonathan T. Molot
Kellogg, Huber, Hansen, Todd & Evans, PLLC
1301 K Street, NW - Suite 1000 West
Washington, DC 20005

Morton Bahr
President
Communications Workers of America
501 3rd Street, NW
Washington, DC 20001

Washington, DC 20005
Genevieve Morelli
Executive VP and General Counsel
The Competitive Telecommunications Association
1900 M Street, NW - Suite 800
Washington, DC 20036

Jonathan E. Canis
Lisa L. Liebow
Kelley Drye & Warren, LLP
1200 19th Street, NW - Suite 500
Washington, DC 20036

Douglas Kinkoph
Director, Regulatory Affairs
LCI International Telecom Corp.
8180 Greensboro Drive, #800
McLean, VA 22102

****Ms. Dorothy Wideman**
Executive Secretary Division
Michigan Public Service Commission
6545 Mercantile Way
Suite 7
Lansing, MI 48911

Michael E. Glover
Leslie Vial
1320 North Court House Road
Eighth Floor
Arlington, VA 22201

Cheryl A. Tritt
Charles H. Kennedy
Morrison & Forester, LLP
2000 Pennsylvania Avenue, NW
Washington, DC 20006

Ronald Binz
Debra Berlyn
John Windhausen, Jr.
Competition Policy Institute
1156 15th Street, NW - Suite 310

John Engler
Governor of the State of Michigan
State Capital
Lansing, MI 48913

Russell M. Blau
Mary C. Albert
Robert V. Zener
Swidler & Berlin, Chartered
3000 K Street, NW - Suite 300
Washington, DC 20007-5116

Mary L. Brown
Susan Jin Davis
MCI Telecommunications Corporation
1801 Pennsylvania Ave., NW
Washington, DC 20006

Frank J. Kelley
Attorney General
State of Michigan
P.O. Box 30212
Lansing, MI 48909

David E.S. Marvin
Michael S. Ashton
1000 Michigan National Tower
Lansing, MI 48933

Kathleen F. O'Reilly
414 "A" Street, SE
Washington, DC 20003

Cammille Failla Murphy
National Association of Commissions for Women
1828 L Street, NW - Suite 250
Washington, DC 20036-5104

Robert S. Tongren
David C. Bergmann
Ohio Consumers Counsel
77 South High Street, 15th Floor
Columbus, Ohio 43266-0550

Robert L. Hogarth
Paging and Narrowband PCS Alliance
500 Montgomery Street - Suite 700
Alexandria, VA 22314-1561

Richard C. Gould
Phone Michigan
4565 Wilson Ave., SW
Grandville, MI 49819

Philip Verveer
Sue D. Blumenfeld
Wilkie Farr & Gallagher
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20036

Charles C. Hunter
Catherine M. Hannan
Hunter & Mow, PC
1620 I Street, NW - Suite 701
Washington, DC 20006

J. Manning Lee
Vice President, Regulatory Affairs
Teleport Communications Group, Inc.
One Teleport Drive - Suite 300
Staten Island, NY 10311

David R. Poe
Catherine P. McCarthy
LeBoeuf, Lamb, Greene & MacRae, LLP
1875 Connecticut Ave., NW - Suite 1200
Washington, DC 20009

Kenneth E. Hardman
Moir & Hardman
2000 L Street, NW - Suite 512
Washington, DC 20036

Jordan Clark
President
United Homeowners Association
1511 K Street, NW - Suite 326
Washington, DC 20005

Anne Werner
Acting President
United Seniors Health Cooperative
1331 H Street, NW - Suite 500
Washington, DC 20005

Linda L. Oliver
Hogan & Hartson, LLP
Columbia Square
555 Thirteenth Street, NW
Washington, DC 20004-1109

* Hand Delivery

** Overnight Courier